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MENTOR

EXPLORATION & DEVELOPMENT
COMPANY LIMITED



**ANNUAL
REPORT**

FOR THE YEAR ENDED DECEMBER 31ST, **1969**

MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

(Incorporated under the laws of Ontario)

Executive and Head Office

Suite 1101, 365 Bay Street
Toronto, Ontario

Directors

ARCHIE BASEN
SAMUEL GELLER
WILLIAM L. HOGARTH, JR.
PAUL PENNA
RUPERT F. RIGHTON
JOHN L. VORBACH, JR.

Officers

PAUL PENNA, *President*
JEAN GELLER, *Secretary-Treasurer*
WM. L. HOGARTH, JR., *Assistant Secretary-Treasurer*

Consulting Geologist

W. A. HUBACHECK, B.Sc., P.ENG.

Transfer Agent and Registrar

GUARANTY TRUST COMPANY OF CANADA
Toronto, Ontario

Auditors

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL
Chartered Accountants
Toronto, Ontario

Shares Listed

TORONTO STOCK EXCHANGE
Toronto, Canada

Annual Meeting

June 30, 1970, 11:00 a.m. (Toronto Time),
Royal York Hotel,
100 Front Street West,
Toronto, Ontario

MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED



DIRECTORS' REPORT

To the Shareholders:

The Directors present the audited financial statements of the Company for the year ended December 31, 1969, and also the following general review of activities, property interests and principal investments.

The Company continued its exploration efforts during the past year, including a program of diamond drilling on an optioned 800-acre property in Poirier Township, Quebec, as well as preliminary investigations of other prospects and various property submissions.

Diamond drilling consisting of four holes for a total of 1,882 feet was carried out on the Poirier Township property. Nothing of economic importance was encountered and on the advice of the Company's consulting geologist the option will be allowed to lapse.

In connection with Cochenour Explorations Limited in which a 19% participating interest was held, your Company elected not to make any further investment. A minority interest is retained, however this interest will diminish in proportion to the financial advances of the other remaining participants for future exploration and related expenditures.

In addition to other properties and interests, your Company retains a group of 18 claims in the Quirke Lake sector of the Elliot Lake uranium area of Ontario.

Your Company's investment in shares of Eagle Gold Mines Limited represents a major asset. For this reason, the following summary of the affairs of this company is pertinent:

Eagle Gold Mines Limited

Early in 1970, Eagle Gold Mines Limited announced it had decided to defer bringing its gold property into production in view of increased cost estimates, adverse financing conditions and the currently existing market price for gold.

This decision was made following receipt of a study carried out by a consulting mining engineer to determine the additional capital cost to complete the construction of the required mining and milling facilities. The estimated additional capital required to complete this program was in the order of \$5.2 million, substantially above the previously projected cost of some \$3.2 million.

The Directors of Eagle Gold Mines Limited concluded that it was both necessary and prudent to defer the start-up of operations until gold prices improved.

The company has discontinued construction at its gold mining property in the Joutel area of Quebec and has negotiated settlement of the amounts due to its suppliers. To fund such settlements and the care and maintenance of its property, the company arranged debt financing of \$800,000 and further equity financing in the additional sum of approximately \$250,000.

Pursuant to these financing arrangements, Eagle Gold Mines Limited issued \$800,000 principal amount of secured debentures accompanied by warrants to purchase 800,000 treasury shares of the Company to Agnico Mines Limited for an aggregate consideration of \$800,000.

The debentures have a term of five years, bear interest at a rate of $1\frac{1}{2}\%$ above the Canadian chartered bank prime interest rate in effect from time to time, and are secured by a first charge on all real and immovable property of Eagle Gold Mines Limited.

The warrants accompanying the debentures entitle the bearers to purchase shares at a price of \$1.00 per share for the first three years and at a price of \$1.50 per share for the remaining two years.

The equity financing was arranged by way of private placement of treasury shares.

As a result of these financing arrangements, Eagle Gold Mines Limited intends to effect a shut down of its mine and secure its existing plant and facilities until such time as economic conditions warrant the continuance of its program to bring the mine into production.

The following is a brief description of the principal assets of Eagle Gold Mines Limited:

The Company holds a gold property in the Joutel area consisting of approximately 925 acres of which 486.7 acres are held under mining lease and the remainder under development licences. The property has been extensively explored both by surface diamond drilling and underground work. Prior to the termination of the construction program, approximately \$6 million had been expended for exploration, underground work, buildings and equipment.

The property is developed by a shaft sunk to a depth of 1,860 feet, complete with hoisting equipment, pumps, air compressor, as well as surface buildings, including the shaft headframe, main service building, office-shops-warehouse complex, and concrete foundations for the mill building and other equipment.

A total of about 18,000 feet of crosscutting and drifting, together with 3,742 feet of raising and 34,500 feet of underground drilling has been completed on the six principal levels which have been under development. A total of some 36,714 tons of ore is stockpiled on surface.

Ore reserves estimated by the mine staff are as follows:

Medium grade proven and probable ore, 492,974 tons of an average grade of 0.35 ounce of gold per ton; low grade proven and probable ore, 260,935 tons of an average grade of 0.238 ounce of gold per ton. These estimates include a 15% allowance for dilution.

DIRECTORS' REPORT (Continued)

The drill-indicated possible reserves are estimated to be 2,397,748 tons of an average grade of 0.285 ounce of gold per ton, including a 15% allowance for dilution.

Owing to the substantial additional cost to complete the construction of the required facilities and the probable return on the basis of the existing market price for gold, it was concluded that the proposed production program, predicated upon the aforementioned tonnages and grades, would be uneconomic under prevailing circumstances.

A substantial increase in the price of gold would materially improve the economic considerations.

In addition to the foregoing assets, Eagle Gold Mines Limited owns 14 staff houses, two blocks of row housing each of six units, and trailer accommodation for 125 persons in the nearby Joutel Townsite.

At its forthcoming Annual and General Meeting, it is expected that Eagle Gold Mines Limited will provide information regarding its short term plans and the longer term objectives.

During 1969, your Company increased its investment in Eagle Gold Mines Limited by 34,800 shares, bringing to a total of 536,496

shares now held in this Company. This share investment is shown on the balance sheet at a cost of \$856,032. In the notes to the financial statements, it is stated that at May 1, 1970, the market value of the free shares of Eagle Gold Mines held by your Company had declined by approximately \$443,000 from market value of \$1,263,263 at the year end.

The 93,246 shares formerly shown as "escrowed" and valued at a cost of \$92,114, have subsequently been released from escrow. The approximate current market quotation for Eagle Gold Mines Limited (at June 10, 1970) was \$1.50. Therefore, the quoted market value of the 536,496 shares held would approximate in excess of \$800,000.

Other Investments

In addition to the shareholding in Eagle Gold Mines Limited, your Company's principal investments, as at June 1, 1970, included 249,800 shares of Agnico Mines Limited, and 985,582 shares of Sudbury Contact Mines Limited.

On behalf of the Board of Directors,

"PAUL PENNA",

President.

June 12, 1970



**AUDITORS' REPORT
TO THE SHAREHOLDERS**

We have examined the balance sheet of Mentor Exploration and Development Co. Limited as at December 31, 1969 and the statements of income, retained earnings (deficit) and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL
Chartered Accountants

*Toronto, Ontario
May 1, 1970*

BALANCE SHEET — As at December 31, 1969

(with comparative figures as at December 31, 1968)

ASSETS

CURRENT ASSETS	1969	1968
Cash	\$ 3,731	\$ 54,531
Deposit receipts	—	51,318
Accounts receivable	—	2,566
Marketable securities, at lower of cost and market (market value 1969, \$264,696; 1968, \$407,483) (Note 1)	264,696	367,398
Prepaid expenses	3,473	1,260
	<u>\$ 271,900</u>	<u>\$ 477,073</u>
INVESTMENTS		
Shares of Eagle Gold Mines Limited, at lower of cost and market		
— escrowed	\$ 92,114	\$ 92,114
— free (market value 1969, \$1,263,263; 1968, \$3,042,953) (Note 1)	763,918	602,629
	<u>\$ 856,032</u>	<u>\$ 694,743</u>
Shares of affiliated company, at cost (market value 1969, \$374,521; 1968, \$478,007)	111,199	111,199
Investment in and advances to other companies		
— unlisted and escrowed securities at cost or less	13,460	33,460
— advances	1,268	1,526
	<u>\$ 981,959</u>	<u>\$ 840,928</u>
FIXED ASSETS, at cost		
Office furniture	\$ 3,384	\$ 3,051
Less: Accumulated depreciation	1,559	1,220
	<u>\$ 1,825</u>	<u>\$ 1,831</u>
Mining claims and properties (Note 2)	141,308	139,308
	<u>\$ 143,133</u>	<u>\$ 141,139</u>
DEFERRED EXPLORATION EXPENDITURES	<u>\$ 434,219</u>	<u>\$ 489,709</u>
	<u>\$1,831,211</u>	<u>\$1,948,849</u>

To be read in conjunction with the Auditors' Report to the Shareholders
attached hereto dated May 1, 1970.

MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

(Incorporated under the laws of the Province of Ontario, Canada)

LIABILITIES

CURRENT LIABILITIES	1969	1968
Accounts payable and accrued liabilities	\$ 1,606	\$ 1,248
Payable to broker on purchase of securities, secured by pledge of certain securities	44,239	27,189
	<u>\$ 45,845</u>	<u>\$ 28,437</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized		
5,000,000 shares, par value 50¢ each		
Issued and Fully Paid		
3,455,746 shares	\$1,727,873	\$1,727,873
Less: Discount	170,000	170,000
	<u>\$1,557,873</u>	<u>\$1,557,873</u>
CONTRIBUTED SURPLUS	245,093	245,093
	<u>\$1,802,966</u>	<u>\$1,802,966</u>
RETAINED EARNINGS (Deficit)	(17,600)	117,446
	<u>\$1,785,366</u>	<u>\$1,920,412</u>

Approved on behalf of the Board:

PAUL PENNA, Director.

S. GELLER, Director.

<u>\$1,831,211</u>	<u>\$1,948,849</u>
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The accompanying notes form an integral part of these financial statements.

MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

STATEMENT OF INCOME

For the Year Ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

REVENUE	1969	1968
Interest and dividends	\$ 7,699	\$ 14,882
EXPENSES		
Administration, office and accounting	\$ 7,200	\$ 7,200
Legal and audit	3,827	5,477
Shareholders' information	4,642	5,102
Consulting fees, general	4,092	3,155
Interest and bank charges	898	1,376
Transfer agent fees	1,509	1,090
Directors' fees	150	450
Depreciation, office furniture	339	305
Miscellaneous, including stock exchange filing fees	3,785	1,179
	<u>\$ 26,442</u>	<u>\$ 25,334</u>
LOSS BEFORE UNDERNOTED ITEM	\$ (18,743)	\$ (10,452)
Profit on sale and revaluation of marketable securities and investments (net)	2,447	259,097
NET INCOME (LOSS) FOR THE YEAR	<u>\$ (16,296)</u>	<u>\$ 248,645</u>

STATEMENT OF RETAINED EARNINGS (DEFICIT)

For the Year Ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

	1969	1968
Retained earnings (deficit) at beginning of year	\$ 117,446	\$ (95,169)
Investment in and advances to Cochenour Explorations Limited written off (Note 3)	118,750	—
Investment in and advances to other companies written off	—	1
Exploration expenditures written off — Lindquist Lake, B.C.	—	34,029
Claims abandoned and written off — Lindquist Lake, B.C.	—	2,000
	<u>\$ (1,304)</u>	<u>\$ (131,199)</u>
NET INCOME (LOSS) FOR THE YEAR	(16,296)	248,645
RETAINED EARNINGS (Deficit) at end of year	<u>\$ (17,600)</u>	<u>\$ 117,446</u>

MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

STATEMENT OF DEFERRED EXPLORATION EXPENDITURES

For the Year Ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

EXPENDITURES DURING YEAR	1969	1968
Gillies Limit, Cobalt		
Surveys	\$ 7,523	\$ 5,214
Engineering fees, exploration	1,690	—
Licences, fees and taxes	140	—
	<u>\$ 9,353</u>	<u>\$ 5,214</u>
Sycee Group, Cobalt		
General	—	\$ 273
Poirier Township		
Diamond drilling	\$ 17,182	—
Licences, fees and taxes	240	—
General field expenses	701	—
	<u>\$ 18,123</u>	<u>—</u>
Red Lake Area		
Advances re drilling and exploration programme	\$ 14,250	—
Diamond drilling	—	\$ 9,301
Consulting	—	6,901
Exploration and general field expenses	951	7,132
	<u>\$ 15,201</u>	<u>\$ 23,334</u>
Other Properties		
General	\$ 583	\$ 542
Total expenditures during year	<u>\$ 43,260</u>	<u>\$ 29,363</u>
Less: Amounts written off to deficit		
— re Lindquist Lake, B.C.	—	34,029
— re Cochenour Explorations Limited (Note 3)	98,750	—
	<u>\$ (55,490)</u>	<u>\$ (4,666)</u>
Deferred exploration expenditures at beginning of year	489,709	494,375
Deferred exploration expenditures at end of year	<u>\$ 434,219</u>	<u>\$ 489,709</u>

SUMMARY OF DEFERRED EXPLORATION EXPENDITURES

	1969	1968
Chandler Group	\$ 384	\$ 299
Cobalt Property	291,273	291,273
Gillies Limit	22,617	13,264
Halet Group	1,440	1,440
Hill Group	61,068	60,570
Cobalt area	15,029	15,029
Red Lake area	24,285	107,834
Poirier Township	18,123	—
	<u>\$ 434,219</u>	<u>\$ 489,709</u>

MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

SOURCE OF FUNDS	1969	1968
Operations		
Net income for the year	—	\$ 248,645
<i>Add:</i> Depreciation which does not involve a current outlay of funds	\$ 339	305
	<u>\$ 339</u>	<u>\$ 248,950</u>
Proceeds of sale of investments	—	\$ 429,518
<i>Less:</i> Profit on sale included in net income above	—	235,468
	<u>—</u>	<u>\$ 194,050</u>
	<u>\$ 339</u>	<u>\$ 443,000</u>
APPLICATION OF FUNDS		
Net loss for the year	\$ 16,296	—
Exploration expenditures	43,260	\$ 29,363
Purchase of mining claims and options	2,000	11,250
Investment in and advances to other companies	(258)	146
Purchase of shares of Eagle Gold Mines Limited	161,289	—
Purchase of office furniture	333	—
	<u>\$ 222,920</u>	<u>\$ 40,759</u>
Increase (Decrease) in Working Capital	<u>\$(222,581)</u>	<u>\$ 402,241</u>
Working Capital at beginning of year	448,636	46,395
Working Capital at end of year	<u>\$ 226,055</u>	<u>\$ 448,636</u>

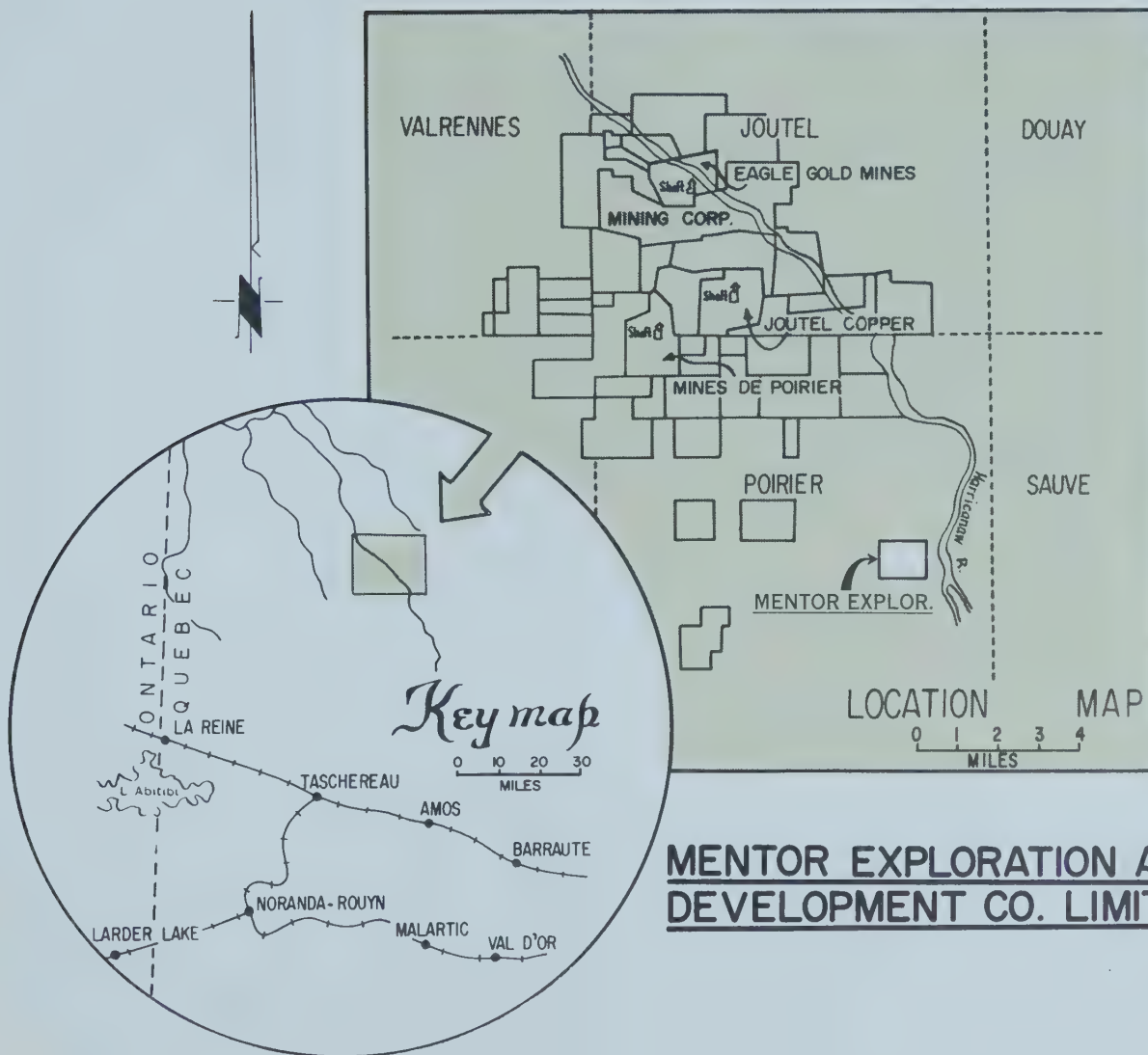
NOTES TO FINANCIAL STATEMENTS

December 31, 1969

NOTE 1: At May 1, 1970 the market value of the company's marketable securities and its free shares of Eagle Gold Mines Limited had declined by approximately \$29,000 and \$443,000 respectively, from the market values stated herein.

NOTE 2: Pursuant to agreement dated February 7, 1969, the company paid \$2,000 to acquire a working option on 8 mineral claims in Poirier Township, Quebec. The maximum payments required during 1970 to extend the option for 12 months amounts to \$8,000. The company may acquire these claims by making payments totalling \$50,000 over a 5½ year period.

NOTE 3: The company has elected not to make any further investment in Cochenour Explorations Limited and has written off the amounts previously paid of \$20,000 for shares and \$98,750 for deferred exploration expenditures to deficit.



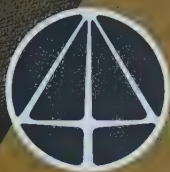
MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED



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MENTOR

EXPLORATION & DEVELOPMENT
COMPANY LIMITED



SEMI ANNUAL REPORT

FOR THE PERIOD ENDED JUNE 30

1969

MENTOR EXPLORATION & DEVELOPMENT COMPANY LIMITED

**Executive and Head Office
Suite 1101, 365 Bay Street — Toronto, Ontario**

To the Shareholders:

The Board of Directors is pleased to present the attached comparative financial statement of the Company for the six months ended June 30, 1969.

A program of diamond drilling was completed on the optioned 800 acre property in Poirier Township, Northwestern Quebec. Four holes totalling 1,882 feet were drilled to test two parallel conductive zones as outlined by the recently completed ground electromagnetic survey. One of the conductors was found to be caused by a pyritized and silicified shear zone in andesite, however, assay results showed no precious or base metals to be present. The Company's consulting geologist concluded no further work was warranted and that the option should be allowed to lapse.

The group of 23 claims in the Red Lake Area of Northwestern Ontario, known as the 'Birch Lake' property, is retained for the period covered by the assessment credits resulting from the diamond drilling and other work carried out during late 1968.

The Company also retains a 19% participating interest in Cochenour Explorations Limited which holds, among other mining claims in the Red Lake Area, a block of 50 claims in the Confederation Lake Area near Uchi Lake, about 40 miles west of Red Lake, Ontario. Cochenour Explorations Limited is a private company with the majority interest (51%) held by Cochenour Willans Gold Mines Limited and the other participants including Coin Lake Gold Mines Limited (18%) and Selco Exploration Limited (9%). Earlier this year Cochenour Explorations Limited announced that a program of exploration would be carried out on the Confederation Lake Area property during the current season.

The 50-claim Confederation Lake Area property is adjacent to the main property of Selco Exploration Company Limited where a small high grade copper-zinc-silver deposit was reported to be indicated by surface diamond drilling. The recently published annual report of Selection Trust, the parent company of Selco Exploration, stated that shaft sinking is expected to start as soon as an access road to the area is built, with a view to commencing production about 18 months later at a rate of 500 tons per day. In the interim, further surface diamond drilling, as well as some underground work, will be required to establish the ore potential of the deposit.

Eagle Gold Mines Limited

Your Company continues as the largest individual shareholder in Eagle Gold Mines Limited owing to

its ownership of 501,696 shares with a current market valuation of more than \$2.5 million. In addition to this direct interest in Eagle Gold Mines Limited, your Company, through its ownership of 62,000 shares of Agnico Mines Limited and 985,582 shares of Sudbury Contact Mines Limited, has a further indirect interest in respect to the holdings of these two latter companies of 200,000 shares and 54,900 shares, respectively, in Eagle Gold Mines Limited.

In view of this appreciable direct and indirect interest in Eagle Gold Mines Limited which constitutes a major asset of your Company, the activities of this developing gold mine are of understandable interest to the shareholders. For this reason, the following brief review of recent developments at the Eagle Gold Mines' property is considered pertinent:

Underground work at the gold property of Eagle Gold Mines Limited in the Joutel Area of North-western Quebec, continues to respond very favourably, adding dimension to the orebody as previously defined by the surface diamond drilling. In addition to the main area of development encompassing the orebody defined by the surface diamond drilling, there are two areas of particular current interest; the extension of the orezone to the west of the previously indicated westerly ore limits; and the new gold zone now under development east of the gabbro dyke where appreciable additional tonnage is indicated.

In connection with the mine area to the west of the gabbro dyke where the surface drilling indicated ore reserves to a tested depth of 1500 feet estimated at 1,600,000 tons averaging 0.41 ounce of gold per ton, or, using the alternative estimate, 2,240,000 tons averaging 0.345 ounce per ton, ore grade material has been found on all six levels currently under development between the 750' and 1500' horizons.

It is important to note that the underground work to date has located mineable widths of ore grade material extending well to the west of the ore limits defined by the original surface diamond drilling. The extensions to the west of the previous ore limits have, to date, been found on four levels, the 1050', 1200', 1350' and 1500' levels. The upper levels at the 750' and 900' horizons have not yet been sufficiently advanced to determine if similar extensions exist on these two levels.

Quite separate from the reserves attributed to the area west of the gabbro dyke, appreciable additional tonnage has been indicated by underground work on four levels from the 1050' and the 1500' horizons to the east of the gabbro dyke. This is in an area never considered in the estimate of reserves derived from the original surface diamond drilling and therefore an important factor in an ultimate ore reserve calculation.

Tons and grade calculations, based on the underground diamond drilling and other work completed

to date on the east side of the gabbro dyke on these four levels, yield the following indicated ore:

Level	T.V.F. (Tons/ vertical foot)	Length	Av. Width	Av. Grade (undiluted)
1050	680	500'	13.6'	0.44 ozs.
1200	540	350'	15.4'	0.28 ozs.
1350	685	525'	13.0'	0.33 ozs.
*1500	588	225'	26.0'	0.37 ozs.

* Drifting in ore is continuing on this level and if projected to a point vertically below the eastern areas of ore indicated in the three levels above, there is a potential additional length of some 400 to 500 feet.

The apparent widening of the ore zone on the 1500' level, to the extent it has been tested to date, is considered significant in terms of the potential for the area below this horizon. The only hole drilled from underground to test below the 1500' horizon was U-10-5, directed to an area about 120 feet below the 1500' level on the west side of the gabbro dyke. This hole intersected 0.41 ounce of gold per ton over a core length of 30.6 feet.

Start up of production is scheduled on or about May 31, 1970. The design of the mill envisages an initial rated capacity of 800 tons per day, but capable of treating up to 1,000 tons with minor additions to the plant. Foundations for the mill-office complex have been poured and present construction schedules anticipate the erection and cladding of the office, service and mill buildings before the end of this year, and installation of all necessary mechanical and electrical equipment to coincide with the planned date for the commencement of production.

Eagle Gold Mines Limited has recently received an additional \$3 million in working capital as a result of the sale of treasury shares.

General

As shown on the attached financial statement, your Company's working capital at June 30, 1969, amounted to \$402,932.

On behalf of the Board of Directors,

"PAUL PENNA"

President

August 20, 1969

MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

Statement of Income

FOR THE SIX MONTHS ENDED JUNE 30, 1969

*(With Comparative Figures for the
Six Months Ended June 30, 1968)*

	1969	1968
REVENUE		
Interest and dividends	\$ 5,226	\$ 7,772
Profit on sale of marketable securities	1,562	255,284
	<u>\$ 6,788</u>	<u>\$ 263,056</u>
EXPENSES		
Administration, office and accounting	\$ 3,600	\$ 3,600
Legal and audit	1,593	945
Shareholders' information . .	3,056	3,341
Transfer agents' fees	957	653
Consulting fees, general . . .	287	1,284
Directors' fees	150	450
Interest and bank charges . .	173	844
Depreciation, office furniture	153	153
Miscellaneous	877	681
Donations	1,300	—
	<u>\$ 12,146</u>	<u>\$ 11,951</u>
NET PROFIT (LOSS) FOR PERIOD	<u>\$ (5,358)</u>	<u>\$ 251,105</u>

MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

Statement of Mining Claims and Properties and Deferred Exploration Expenditures

FOR THE SIX MONTHS ENDED JUNE 30, 1969

*(With Comparative Figures for the
Six Months Ended June 30, 1968)*

	1969	1968
	<hr/>	<hr/>
Cost of mining claims and properties at beginning of period	\$ 139,308	\$ 130,058
Acquisition of mining claims		
— Red Lake Area		8,000
— Poirier Township	2,000	
	<hr/>	<hr/>
	\$ 141,308	\$ 138,058
	<hr/>	<hr/>
LESS: Claims abandoned and written off during the period re Lindquist Lake, B.C.	—	2,000
	<hr/>	<hr/>
	\$ 141,308	\$ 136,058
	<hr/>	<hr/>
Deferred exploration expenditures at beginning of period	\$ 489,709	\$ 494,375
	<hr/>	<hr/>
EXPENDITURES DURING PERIOD		
RED LAKE AREA		
Advances re drilling and exploration programme	\$ 9,500	\$ 4,850
Consulting	1,516	
POIRIER TOWNSHIP		
Diamond drilling	17,182	
General	505	
GILLIES LIMIT, COBALT		
Surveys	7,524	
General surface exploration	1,690	
Other Properties	582	334
	<hr/>	<hr/>
	\$ 38,499	\$ 5,184
	<hr/>	<hr/>
	\$ 528,208	\$ 499,559
	<hr/>	<hr/>
LESS: Amounts written off to surplus re Lindquist Lake, B.C.		34,029
	<hr/>	<hr/>
Deferred exploration expenditures at end of period	\$ 528,208	\$ 465,530
	<hr/>	<hr/>

MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

Statement of Source and Application of Funds

FOR THE SIX MONTHS ENDED JUNE 30, 1969

*(With Comparative Figures for the
Six Months Ended June 30, 1968)*

	<u>1969</u>	<u>1968</u>
SOURCE OF FUNDS		
OPERATIONS		
Net profit (loss) for the period	\$ (5,358)	\$ 251,105
ADD: Depreciation	153	153
	<u>\$ (5,205)</u>	<u>\$ 251,258</u>
Proceeds of sale of shares of Eagle Gold Mines Limited		\$ 427,253
LESS: Profit on sale in- cluded in net income above		(233,455)
	<u>\$ (5,205)</u>	<u>\$ 445,056</u>
 APPLICATION OF FUNDS		
Exploration expenditures	\$ 38,499	\$ 5,184
Acquisition of mining claims	2,000	8,000
Investment in and advances to other companies		1,585
	<u>\$ 40,499</u>	<u>\$ 14,769</u>
Increase (Decrease) in Working Capital	\$ (45,704)	\$ 430,287
Working capital at beginning of period	448,636	46,395
Working capital at end of period	<u>\$ 402,932</u>	<u>\$ 476,682</u>
Current Assets	\$ 411,816	\$ 499,470
Current Liabilities	8,884	22,788
	<u>\$ 402,932</u>	<u>\$ 476,682</u>

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Mentor Exploration and Development Co., Limited

ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting of the shareholders of Mentor Exploration and Development Co., Limited (the "Company") will be held at Room No. 3, Main Mezzanine Floor, Royal York Hotel, 100 Front Street West, Toronto, Ontario on Tuesday, the 30th day of June, 1970 at the hour of 11:00 in the forenoon (Eastern Daylight Saving Time) for the following purposes:

- (1) To receive and consider the financial statements of the Company as at December 31, 1969, together with the report of the auditors thereon;
- (2) To elect directors;
- (3) To appoint auditors; and
- (4) To transact such further and other business as may properly come before the meeting or any adjournment or adjournments thereof.

DATED the 12th day of June, 1970.

By Order of the Board,

JEAN GELLER,

Secretary-Treasurer.

Shareholders who are unable to attend the meeting in person are requested to complete, date, sign and return the enclosed instrument of proxy.

Mentor Exploration and Development Co., Limited

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation by the management of Mentor Exploration and Development Co., Limited (the "Company") of proxies to be voted at the annual meeting of the shareholders of the Company called for the purposes set forth in the accompanying notice of meeting and to be held at Room No. 3, Main Mezzanine Floor, Royal York Hotel, 100 Front Street West, Toronto, Ontario, on June 30, 1970, and at any adjournment or adjournments thereof. Solicitation will be by mail, possibly supplemented by telephone or other personal contact by the directors of the Company. The cost of such solicitation will be borne by the Company.

REVOCATION OF PROXY

A shareholder executing the accompanying instrument of proxy has the power to revoke it at any time before it is exercised by giving notice in writing of such revocation to the Secretary-Treasurer of the Company or to the Chairman of the meeting.

VOTING SHARES

The authorized capital of the Company consists of 5,000,000 shares with a par value of 50¢ each of which 3,455,746 shares are presently outstanding. Shareholders of record at the time of the meeting are entitled to one vote for each share held.

To the knowledge of the directors and senior officers of the Company the only person or corporation which beneficially owns, directly or indirectly, more than 10% of the outstanding shares of the Company is Temple Growth Fund Limited which owns 662,450 (19.2%) of the outstanding shares of the Company. Temple Growth Fund Limited is an associate of Mr. Paul Penna, the President and a director of the Company.

ELECTION OF DIRECTORS

It is proposed that the following persons will be nominated for election as directors of the Company. The following is information concerning the proposed nominees for election as directors. Information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually. In the event that any vacancies occur in the proposed slate of nominees listed below prior to the annual meeting of shareholders, it is intended to exercise the discretionary authority conferred by the accompanying instrument of proxy to vote for the election of any other person or persons as directors. Management is not presently aware that any of such nominees would be unwilling to serve as a director if elected.

<u>Name</u>	<u>Other Positions and Offices Presently Held in the Company</u>	<u>Period in which Nominee has Served as Director of the Company</u>	<u>No. of Shares of the Company Beneficially Owned</u>	<u>Principal Occupation at Present and During Past 5 Years</u>
*Paul Penna	President	Since August 26, 1964	1,501	Executive, Jakmin Investments Limited.
*A. Basen	None	Since April 25, 1967.	501	Executive, American Louver of Canada Limited.
R. F. Righton	None	Since December 9, 1966.	1	Barrister, Shibley, Righton & McCutcheon.
W. L. Hogarth, Jr.	Assistant Secretary- Treasurer	Since August 26, 1964.	501	Executive, Associated Arcadia Nickel Corporation Limited.
*Samuel Geller	None	Since January 30, 1968.	501	Proprietor, Mayle's Mens & Boys Wear (March 1968 to date); President, College Girls Coats Company Limited (until March 1968).
John L. Vorbach, Jr.	None	Since June 17, 1969	1	President, John L. Vorbach Inc.

*The nominees beside whose names an asterisk appears will be nominated to hold office for a term of two years from the date of their election or until the second annual meeting after such date, whichever later occurs, and the remaining nominees will be nominated to hold office for a term of one year from the date of their election or until the first annual meeting after such date, whichever later occurs.

Jakmin Investments Limited is engaged in the securities business as an underwriter and investment company.

American Louver of Canada Limited is engaged in the manufacture of plastic ceiling louvers.

Messrs. Shibley, Righton & McCutcheon is a firm of barristers and solicitors.

Associated Arcadia Nickel Corporation Limited is a mining company.

College Girls Coats Company Limited is no longer in business.

Mayle's Mens & Boys Wear is a retail clothing store.

John L. Vorbach Inc. carries on business as an insurance broker.

REMUNERATION OF MANAGEMENT

The aggregate direct remuneration paid or payable to the directors and senior officers of the Company, as such, during the financial year of the Company ended December 31, 1969 was \$150.

Jakmin Investments Limited provides head office, accounting and secretarial service to the Company at a fee of \$600 per month. For the financial year of the Company ended December 31, 1969 the fee for these services amounted to \$7,200. Mr. Paul Penna is the principal shareholder of Jakmin Investments Limited.

APPOINTMENT OF AUDITORS

Action is to be taken at the meeting with respect to the appointment of the firm of Starkman, Kraft, Rothman, Berger & Grill as the auditors of the Company.

GENERAL INFORMATION

Information contained herein is given as of June 5, 1970. Management knows of no matters to come before the annual meeting of shareholders other than the matters set forth in the enclosed notice of meeting. Receipt at the meeting of the financial statements of the Company as at December 31, 1969 and the report of the auditors thereon will not constitute approval or disapproval of such financial statements and report.

June 5, 1970.